

M&I Only  
Contract No.  
6-07-20-W1373-LTR1

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
SAN JUAN WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE  
FROM THE AMERICAN RIVER DIVISION

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Exhibit A - Map of Contractor's Service Area

Exhibit B - Rates and Charges

1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
4 Central Valley Project, California

5 LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
6 AND  
7 SAN JUAN WATER DISTRICT  
8 PROVIDING FOR PROJECT WATER SERVICE  
FROM THE AMERICAN RIVER DIVISION

9 THIS CONTRACT, made this 28 day of February, 2006, in pursuance  
10 generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,  
11 including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and  
12 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, June 21, 1963  
13 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended,  
14 November 3, 1990 (104 Stat. 2087), as amended, and Title XXXIV of the Act of October 30, 1992  
15 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between THE  
16 UNITED STATES OF AMERICA, hereinafter referred to as the United States, and SAN JUAN  
17 WATER DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of  
18 California, duly organized, existing, and acting pursuant to the laws thereof;

19 WITNESSETH, That:

20 EXPLANATORY RECITALS

21 [1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central Valley  
22 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for flood

23 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and  
24 restoration, generation and distribution of electric energy, salinity control, navigation and other  
25 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the  
26 San Joaquin River and their tributaries; and

27 [2<sup>nd</sup>] WHEREAS, the United States constructed Folsom Dam and Reservoir, hereinafter  
28 collectively referred to as the American River Division facilities, which will be used in part for the  
29 furnishing of water to the Contractor pursuant to the terms of this Contract; and

30 [3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by the United States pursuant to  
31 California law for operation of the Project; and

32 [3.1] WHEREAS, the Contractor succeeded to the rights of the North Fork Ditch Company  
33 as set forth in Contract No. DA-04-167-eng-610, dated April 12, 1954, between the United States and  
34 the Company, which contract is separate and apart from Contract 14-06-200-152A and remains in full  
35 force and effect by its own terms; and

36 [3.2] WHEREAS, Contract No. DA-04-167-eng-610 provides, among other things for the  
37 delivery to the Contractor by the United States of not to exceed 33,000 acre-feet of water each  
38 Calendar Year, referred to as the Contractor's Water Rights Water; and

39 [4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract  
40 No. 14-06-200-152A, dated June 19, 1962, as amended, which established terms for the delivery to  
41 the Contractor of Project Water from the American River Division from June 19, 1962, through  
42 February 28, 1995; and

43 [4.1] WHEREAS, both Contract No. 14-06-200-152A and Contract  
44 No. DA-04-167-eng-610 provide that Project Water and the Contractor's Water Rights Water,  
45 respectively, be delivered to Hinkle Reservoir; and

46 [5<sup>th</sup>] WHEREAS, the Contractor and the United States have pursuant to subsection  
47 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into  
48 interim renewal contract(s) identified as Contract No(s). 14-06-200-152A-IR1, 14-06-200-152A-IR2,  
49 14-06-200-152A-IR3, 14-06-200-152A-IR4, 14-06-200-152A-IR5, 14-06-200-152A-IR6, 14-06-200-  
50 152A-IR7, and 14-06-200-152A-IR8, the last of which is hereinafter referred to as the Existing  
51 Contract, which provided for the continued water service to the Contractor from March 1, 2004,  
52 through February 28, 2006; and

53 [5.1] Omitted; and

54 [5.2] WHEREAS, the Contractor and the United States entered into Contract  
55 No. 6-07-20-W1373, dated April 8, 1999, pursuant to Section 206(b) of Public Law 101-514  
56 (104 Stat. 2087), which provides for the delivery to the Contractor of up to 13,000 acre-feet per year  
57 of Project Water from Folsom Reservoir, hereinafter referred to as the P. L. 101-514 CVP Contract.

58 [5.3] WHEREAS, the P. L. 101-514 CVP Contract provides that, at the time of the long-  
59 term renewal of this Contract, the P. L. 101-514 CVP Contract would be amended to conform to the  
60 provisions of this Contract. The United States and the Contractor desire to facilitate contract  
61 administration by combining the quantity of Project Water provided for in the P. L. 101-514 Project  
62 Contract with the quantity of Project Water in the Existing Contract, so that this Contract would be  
63 the sole long-term contract for Project Water service between the United States and the Contractor  
64 superseding and replacing the P. L. 101-514 Project Contract.

65 [6<sup>th</sup>] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the  
66 Existing Contract following completion of appropriate environmental documentation, including a  
67 programmatic environmental impact statement (PEIS) pursuant to the National Environmental Policy  
68 Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the CVPIA and  
69 the potential renewal of all existing contracts for Project Water; and

70 [6.1] Omitted; and

71 [7<sup>th</sup>] WHEREAS, the United States has completed the PEIS and all other appropriate  
72 environmental review necessary to provide for long-term renewal of the Existing Contract; and

73 [8<sup>th</sup>] WHEREAS, the Contractor has requested the long-term renewal of the Existing  
74 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the  
75 State of California, for water service from the Project; and

76 [9<sup>th</sup>] WHEREAS, the United States has determined that the Contractor has fulfilled all of  
77 its obligations under the Existing Contract and under the P. L. 101-514 Project Contract; and

78 [10<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting  
79 Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and  
80 beneficial use and/or has demonstrated projected future demand for water use such that the Contractor  
81 has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project  
82 Water to be made available to it pursuant to this Contract; and

83 [11<sup>th</sup>] WHEREAS, water obtained from the Project has been relied upon by urban areas  
84 within California for more than 50 years, and is considered by the Contractor as an essential portion  
85 of its water supply; and

86 [12<sup>th</sup>] WHEREAS, the economies of regions within the Project, including the Contractor's,  
87 depend upon the continued availability of water, including water service from the Project; and

88 [12.1] WHEREAS, in the California Bay-Delta Program (CALFED) Programmatic Record of  
89 Decision, dated August 28, 2000, the United States and the State of California adopted a general  
90 target of continuously improving Delta water quality for all uses. The CALFED Agencies' target for

91 providing safe, reliable, and affordable drinking water in a cost-effective way, is to achieve either:  
92 “(a) average concentrations at Clifton Forebay and other southern and central Delta drinking water  
93 intakes of 50 ug/L bromide and 3.0 mg/L total organic carbon, or (b) an equivalent level of public  
94 health protection using a cost-effective combination of alternative source waters, source control and  
95 treatment technologies;” and

96 [13<sup>th</sup>] WHEREAS, the Secretary of the Interior (Secretary) intends through coordination,  
97 cooperation, and partnerships to pursue measures to improve water supply, water quality, and  
98 reliability of the Project for all Project purposes; and

99 [13.1] WHEREAS, the Contractor and the water users in its Service Area have improved and  
100 will continue to improve water use efficiency through water conservation, water reclamation, and  
101 other Best Management Practices; however, implementing these measures has reduced and will  
102 continue to reduce the ability of the Contractor and the water users in its Service Area to withstand a  
103 Condition of Shortage; and

104 [14<sup>th</sup>] WHEREAS, the mutual goals of the United States and the Contractor include: to  
105 provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment of  
106 the Project as required by law; to guard reasonably against Project Water shortages; to achieve a  
107 reasonable balance among competing demands for use of Project Water; and to comply with all  
108 applicable environmental statutes, all consistent with the legal obligations of the United States  
109 relative to the Project; and

110 [15<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more cooperative  
111 relationship in order to achieve their mutual goals; and

112 [15.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement, dated  
113 April 14, 2000, which has the co-equal objectives to (1) provide a reliable and safe water supply for  
114 the Sacramento region’s economic health and planned development through the year 2030, and  
115 (2) preserve the fishery, wildlife, recreational and aesthetic values of the lower American River; and

116 [15.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the  
117 Water Forum Agreement and intends to work cooperatively with the Contractor to investigate actions  
118 that they could take to implement the objectives of the Water Forum Agreement, which, if agreed to,  
119 would be the subject of a separate agreement between them; and

120 [15.3] WHEREAS, the Contractor now requires that the water provided pursuant to the  
121 above said contracts be delivered to a higher elevation at its Sidney N. Peterson Water Treatment  
122 Plant (hereinafter referred to as the Contractor's Water Treatment Plant); and

123 [15.4] WHEREAS, in *San Juan Suburban Water District v. United States*, Civ.  
124 No. S-83-1621-LKK (E.D. Cal.), the District Court ruled that the United States was not obligated to  
125 deliver Project Water or the Contractor's Water Rights Water to the higher elevation at the  
126 Contractor's Water Treatment Plant; and

127 [16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this  
128 Contract pursuant to Federal Reclamation law with the delivery of both Project Water and the  
129 Contractor's Water Rights Water to the Contractor's Water Treatment Plant on the terms and  
130 conditions set forth below;

131 NOW, THEREFORE, in consideration of the mutual and dependent covenants herein  
132 contained, it is hereby mutually agreed by the parties hereto as follows:

133 DEFINITIONS

134 1. When used herein unless otherwise distinctly expressed, or manifestly incompatible  
135 with the intent of the parties as expressed in this Contract, the term:

136 (a) "Calendar Year" shall mean the period January 1 through December 31, both  
137 dates inclusive;

138 (b) "Charges" shall mean the payments required by Federal Reclamation law in  
139 addition to the Rates and Tiered Pricing Component specified in this Contract as determined annually  
140 by the Contracting Officer pursuant to this Contract;



141 (c) "Condition of Shortage" shall mean a condition respecting the Project during  
142 any Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract  
143 Total;

144 (d) "Contracting Officer" shall mean the Secretary's duly authorized representative  
145 acting pursuant to this Contract or applicable Federal Reclamation law or regulation;

146 (e) "Contract Total" shall mean the maximum amount of water to which the  
147 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

148 (f) "Contractor's Service Area" shall mean the area to which the Contractor is  
149 permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto,  
150 which may be modified from time to time in accordance with Article 35 of this Contract without  
151 amendment of this Contract;

152 (g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title  
153 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

154 (h-i) Omitted;

155 (j) "Full Cost Rate" shall mean an annual rate, as determined by the Contracting  
156 Officer that shall amortize the expenditures for construction properly allocable to the Project  
157 irrigation or municipal and industrial (M&I) functions, as appropriate, of facilities in service  
158 including all operation and maintenance (O&M) deficits funded, less payments, over such periods as  
159 may be required under Federal Reclamation law, or applicable contract provisions. Interest will  
160 accrue on both the construction expenditures and funded O&M deficits from October 12, 1982, on  
161 costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to  
162 October 12, 1982, and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the  
163 Reclamation Reform Act of 1982 (RRA). The Full Cost Rate includes actual operation, maintenance,  
164 and replacement costs consistent with Section 426.2 of the Rules and Regulations for the RRA;

165 (k-1) Omitted;

166 (m) "Irrigation Water" shall mean water made available from the Project that is  
167 used primarily in the production of agricultural crops or livestock, including domestic use incidental  
168 thereto, and watering of livestock;

169 (n) Omitted;

170 (o) "Municipal and Industrial Water" or "M&I Water" shall mean Project Water,  
171 other than Irrigation Water, made available to the Contractor. M&I Water shall include water used  
172 for human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)  
173 which are kept for personal enjoyment or water delivered to land holdings operated in units of less  
174 than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the  
175 use of water delivered to any such landholding is a use described in subdivision (m) of this Article;

176 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to the  
177 delivery of M&I Water;

178 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable  
179 care, control, operation, repair, replacement (other than capital replacement), and maintenance of  
180 Project facilities;

181 (r) Omitted;

182 (s) "Project" shall mean the Central Valley Project owned by the United States and  
183 managed by the Department of the Interior, Bureau of Reclamation;

184 (t) "Project Contractors" shall mean all parties who have water service contracts  
185 for Project Water from the Project with the United States pursuant to Federal Reclamation law;

186 (u) "Project Water" shall mean all water that is developed, diverted, stored, or  
187 delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance  
188 with the terms and conditions of water rights acquired pursuant to California law;

189 (v) "Rates" shall mean the payments determined annually by the Contracting  
190 Officer in accordance with the then-current applicable water ratesetting policies for the Project, as  
191 described in subdivision (a) of Article 7 of this Contract;

192 (w) "Recent Historic Average" shall mean the most recent five-year average of the  
193 final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding  
194 contract(s);

195 (x) "Secretary" shall mean the Secretary of the Interior, a duly appointed  
196 successor, or an authorized representative acting pursuant to any authority of the Secretary and  
197 through any agency of the Department of the Interior;

198 (y) "Tiered Pricing Component" shall be the incremental amount to be paid for  
199 each acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;

200 (z) "Water Delivered" or "Delivered Water" shall mean Project Water diverted for  
201 use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

202 (aa) "Water Made Available" shall mean the estimated amount of Project Water  
203 that can be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer,  
204 pursuant to subdivision (a) of Article 4 of this Contract;

205 (bb) "Water Scheduled" shall mean Project Water made available to the Contractor  
206 for which times and quantities for delivery have been established by the Contractor and Contracting  
207 Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

208 (cc) "Year" shall mean the period from and including March 1 of each Calendar  
209 Year through the last day of February of the following Calendar Year.

210 TERM OF CONTRACT

211 2. (a) This Contract shall be effective March 1, 2005, through February 28, 2045, and  
212 supersedes the Existing Contract. In the event the Contractor wishes to renew this Contract beyond  
213 February 28, 2045, the Contractor shall submit a request for renewal in writing to the Contracting  
214 Officer no later than two years prior to the date this Contract expires.

215 (b) Omitted.

216 (c) This Contract shall be renewed for successive periods of up to 40 years each,  
217 which periods shall be consistent with the then-existing Bureau of Reclamation-wide policy, under  
218 terms and conditions mutually agreeable to the parties and consistent with Federal and State law. The  
219 Contractor shall be afforded the opportunity to comment to the Contracting Officer on the proposed  
220 adoption and application of any revised policy applicable to the delivery of M&I Water that would  
221 limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I  
222 Water to less than 40 years.

223 (d) The Contracting Officer shall make a determination ten years after the date of  
224 execution of this Contract, and every five years thereafter during the term of this Contract, of whether  
225 a conversion to a contract under subsection 9(c)(1) of Section 9 of the Reclamation Project Act of  
226 1939 can be accomplished. The Contracting Officer anticipates that during the term of this Contract,  
227 all authorized Project construction expected to occur will have occurred, and on that basis the  
228 Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to  
229 the Contractor, and agrees further that, at any time after such allocation is made, and subject to  
230 satisfaction of the conditions set out in this subdivision of this Article, this Contract shall, at the  
231 request of the Contractor, be converted to a contract under subsection 9 (c)(1) of the Reclamation  
232 Project Act of 1939, subject to applicable Federal law and under stated terms and conditions mutually  
233 agreeable to the Contractor and the Contracting Officer. A condition for such conversion to occur  
234 shall be a determination by the Contracting Officer that, account being taken of the amount credited  
235 to return by the Contractor as provided for under Federal Reclamation law, the remaining amount of  
236 construction costs assignable for ultimate return by the Contractor can probably be repaid to the  
237 United States within the term of a contract under said subsection (c)(1) of Section 9. If the remaining  
238 amount of costs that are properly assignable to the Contractor cannot be determined during the term  
239 of this Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s) why  
240 such a determination could not be made. Further, the Contracting Officer shall make such a

241 determination as soon thereafter as possible so as to permit, upon request of the Contractor and  
242 satisfaction of the conditions set out above, conversion to a contract under subsection (c)(1) of  
243 Section 9. In the event such determination of costs has not been made at a time which allows  
244 conversion of this Contract during the term of this Contract or the Contractor has not requested  
245 conversion of this Contract within such term, the parties shall incorporate in any subsequent renewal  
246 contract as described in subdivision (c) of this Article a provision that carries forth in substantially  
247 identical terms the provisions of this subdivision.

248 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

249 3. (a) During each Year, consistent with all applicable State water rights, permits,  
250 and licenses, Federal law, and subject to the provisions set forth in Articles 3(b), 11, and 12 of this  
251 Contract, the Contracting Officer shall make available for delivery to the Contractor 24,200 acre-feet  
252 of Project Water for M&I purposes. Water Delivered to the Contractor in accordance with this  
253 subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this  
254 Contract.

255 (b) Because the capacity of the Project to deliver Project Water has been  
256 constrained in recent years and may be constrained in the future due to many factors including  
257 hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor  
258 actually receiving the amount of Project Water set out in subdivision (a) of this Article in any given  
259 Year is uncertain. The Contracting Officer's modeling referenced in the PEIS projected that the  
260 Contract Total set forth in this Contract will not be available to the Contractor in many years. During  
261 the most recent five years, the Recent Historic Average of Water Made Available to the Contractor  
262 was 10,864 acre-feet (based on the non-P. L. 101-514 CVP Contract total of 11,200 acre feet).  
263 Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under  
264 any provision of this Contract.

265 (c) The Contractor shall utilize the Project Water in accordance with all applicable  
266 legal requirements.

267 (d) The Contractor shall make reasonable and beneficial use of all water furnished  
268 pursuant to this Contract. Ground-water recharge programs (direct, indirect, or in lieu), ground-water  
269 banking programs, surface water storage programs, and other similar programs utilizing Project  
270 Water, Contractor's Water Rights Water, or other water furnished pursuant to this Contract conducted  
271 within the Contractor's Service Area which are consistent with applicable State law and result in use  
272 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge  
273 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to  
274 Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates  
275 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the  
276 quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with  
277 Federal Reclamation Law. Ground-water recharge programs, ground-water banking programs,  
278 surface water storage programs, and other similar programs utilizing Project Water, Contractor's  
279 Water Rights Water, or other water furnished pursuant to this Contract conducted outside the  
280 Contractor's Service Area may be permitted upon written approval of the Contracting Officer, which  
281 approval will be based upon environmental documentation, Project Water rights, and Project  
282 operational concerns. The Contracting Officer will address such concerns in regulations, policies, or  
283 guidelines.

284 (e) The Contractor shall comply with requirements applicable to the Contractor in  
285 biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract  
286 undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as amended, that are  
287 within the Contractor's legal authority to implement. The Existing Contract, which evidences in  
288 excess of 40 years of diversions for M&I purposes of the quantities of water provided in subdivision  
289 (a) of Article 3 of this Contract, will be considered in developing an appropriate baseline for the  
290 biological assessment(s) prepared pursuant to the ESA, and any other needed environmental review.  
291 Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief

292 in a court of competent jurisdiction with respect to any biological opinion or other environmental  
293 documentation referred to in this Article.

294 (f) Following the declaration of Water Made Available under Article 4 of this  
295 Contract, the Contracting Officer will make a determination whether Project Water, or other water  
296 available to the Project, can be made available to the Contractor in addition to the Contract Total  
297 under Article 3 of this Contract during the Year without adversely impacting other Project  
298 Contractors. At the request of the Contractor, the Contracting Officer will consult with the  
299 Contractor prior to making such a determination. If the Contracting Officer determines that Project  
300 Water, or other water available to the Project, can be made available to the Contractor, the  
301 Contracting Officer will announce the availability of such water and shall so notify the Contractor as  
302 soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project  
303 Contractors capable of taking such water to determine the most equitable and efficient allocation of  
304 such water. If the Contractor requests the delivery of any quantity of such water, the Contracting  
305 Officer shall make such water available to the Contractor in accordance with applicable statutes,  
306 regulations, guidelines, and policies.

307 (g) The Contractor may request permission to reschedule for use during the  
308 subsequent Year some or all of the Water Made Available to the Contractor during the current Year  
309 referred to as "carryover." The Contractor may request permission to use during the current Year a  
310 quantity of Project Water which may be made available by the United States to the Contractor during  
311 the subsequent Year referred to as "preuse." The Contracting Officer's written approval may permit  
312 such uses in accordance with applicable statutes, regulations, guidelines, and policies.

313 (h) The Contractor's right pursuant to Federal Reclamation law and applicable  
314 State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during the  
315 term thereof and any subsequent renewal contracts, as described in Article 2 of this Contract, during  
316 the terms thereof shall not be disturbed so long as the Contractor shall fulfill all of its obligations  
317 under this Contract and any renewals thereof. Nothing in the preceding sentence shall affect the

318 Contracting Officer's ability to impose shortages under Article 11 or subdivision (b) of Article 12 of  
319 this Contract or applicable provisions of any subsequent renewal contracts.

320 (i) Project Water furnished to the Contractor pursuant to this Contract may be  
321 delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract upon  
322 written approval by the Contracting Officer in accordance with the terms and conditions of such  
323 approval.

324 (j) The Contracting Officer shall make reasonable efforts to protect the water  
325 rights necessary for the Project and to provide the water available under this Contract. The  
326 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the  
327 extent permitted by law, in administrative proceedings related to the Project Water rights; Provided,  
328 That the Contracting Officer retains the right to object to the substance of the Contractor's position in  
329 such a proceeding; Provided further, That in such proceedings the Contracting Officer shall recognize  
330 the Contractor has a legal right under the terms of this Contract to use Project Water.

331 TIME FOR DELIVERY OF WATER

332 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall  
333 announce the Contracting Officer's expected declaration of the Water Made Available. Such  
334 declaration will be expressed in terms of both Water Made Available and the Recent Historic Average  
335 and will be updated monthly, and more frequently if necessary, based on then-current operational and  
336 hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will  
337 be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the  
338 estimate, with relevant supporting information, upon the written request of the Contractor.  
339 Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide  
340 the Contractor with the updated Recent Historic Average.

341 (b) On or before each March 1 and at such other times as necessary, the Contractor  
342 shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer,  
343 showing the monthly quantities of Project Water and Contractor's Water Rights Water to be delivered



344 by the United States to the Contractor pursuant to this Contract for the Year commencing on such  
345 March 1. The Contracting Officer shall use all reasonable means to deliver Project Water and  
346 Contractor's Water Rights Water according to the approved schedule for the Year commencing on  
347 such March 1.

348 (c) The Contractor shall not schedule Project Water and/or Contractor's Water  
349 Rights Water in excess of the quantity of such waters the Contractor intends to put to reasonable and  
350 beneficial use within the Contractor's Service Area or to sell, transfer, or exchange pursuant to  
351 Article 9 of this Contract during any Year.

352 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this  
353 Contract, the United States shall deliver Project Water and Contractor's Water Rights Water to the  
354 Contractor in accordance with the initial schedule submitted by the Contractor pursuant to  
355 subdivision (b) of this Article, or any written revision(s), satisfactory to the Contracting Officer,  
356 thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are  
357 to be implemented.

358 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

359 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this  
360 Contract and the Contractor's Water Rights Water shall be delivered to the Contractor at the  
361 Contractor's Water Treatment Plant and any additional point or points of delivery either on Project  
362 facilities or another location or locations mutually agreed to in writing by the Contracting Officer and  
363 the Contractor.

364 (b) Omitted.

365 (c) The Contractor shall not deliver Project Water to land outside the Contractor's  
366 Service Area unless approved in advance by the Contracting Officer.

367 (d) All Water Delivered to the Contractor pursuant to this Contract shall be  
368 measured and recorded with equipment furnished, installed, operated, and maintained by the United  
369 States, or other appropriate entity as designated by the Contracting Officer at the point or points of

370 delivery established pursuant to subdivision (a) of this Article. Upon the request of either party to  
371 this Contract, the Contracting Officer shall investigate, or cause to be investigated, the accuracy of  
372 such measurements and shall take any necessary steps to adjust any errors appearing therein. For any  
373 period of time when accurate measurements have not been made, the Contracting Officer shall  
374 consult with the Contractor prior to making a final determination of the quantity delivered for that  
375 period of time.

376 (e) The Contracting Officer shall not be responsible for the control, carriage,  
377 handling, use, disposal, or distribution of Water Delivered and/or Contractor's Water Rights Water  
378 Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in  
379 subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,  
380 employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever  
381 for which there is legal responsibility, including property damage, personal injury, or death arising out  
382 of or connected with the control, carriage, handling, use, disposal, or distribution of such Water  
383 Delivered and/or Contractor's Water Rights Water Delivered beyond such delivery points, except for  
384 any damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its  
385 officers, employees, agents, or assigns with the intent of creating the situation resulting in any damage  
386 or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents,  
387 or assigns; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or  
388 assigns; or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by  
389 the United States.

390 (f) Solely for the purposes of accounting required by this Contract, if the total  
391 amount of water delivered to the Contractor in a given day is 149 acre-feet or less, all such water, not  
392 to exceed 33,000 acre-feet per Calendar Year, shall be considered to be the Contractor's Water Rights  
393 Water and shall not be subject to the Rates and Charges defined in this Contract except those charges  
394 provided for in subdivision (n) of Article 7 of this Contract. All water delivered to the Contractor in a

395 given day in excess of 149 acre-feet shall be considered to be Delivered Water and shall be subject to  
396 the Rates and Charges provided for in Article 7 hereof.

397 MEASUREMENT OF WATER WITHIN THE SERVICE AREA

398 6. (a) The Contractor has established an measuring program satisfactory to the  
399 Contracting Officer, the Contractor shall ensure that all surface water delivered for M&I purposes is  
400 measured at each M&I service connection. The water measuring devices or water measuring methods  
401 of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be  
402 responsible for installing, operating, and maintaining and repairing all such measuring devices and  
403 implementing all such water measuring methods at no cost to the United States. The Contractor shall  
404 use the information obtained from such water measuring devices or water measuring methods to  
405 ensure its proper management of the water, to bill water users for water delivered by the Contractor;  
406 and, if applicable, to record water delivered for M&I purposes by customer class as defined in the  
407 Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein  
408 contained, however, shall preclude the Contractor from establishing and collecting any charges,  
409 assessments, or other revenues authorized by California law. The Contractor shall include a summary  
410 of all its annual surface water deliveries in the annual report described in subdivision (c) of Article  
411 26.

412 (b) To the extent the information has not otherwise been provided, upon execution  
413 of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the  
414 measurement devices or water measuring methods being used or to be used to implement subdivision  
415 (a) of this Article and identifying the M&I service connections or alternative measurement programs  
416 approved by the Contracting Officer, at which such measurement devices or water measuring  
417 methods are being used, and, if applicable, identifying the locations at which such devices and/or  
418 methods are not yet being used including a time schedule for implementation at such locations. The  
419 Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy of, and  
420 necessary modifications, if any, of the measuring devices or water measuring methods identified in

421 the Contractor's report and if the Contracting Officer does not respond in such time, they shall be  
422 deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or  
423 methods are inadequate, the parties shall within 60 days following the Contracting Officer's response,  
424 commence to negotiate in good faith how, and the earliest practicable date by which, the Contractor  
425 shall modify said measuring devices and/or measuring methods as required by the Contracting Officer  
426 to ensure compliance with subdivision (a) of this Article.

427 (c) All new surface water delivery systems installed within the Contractor's  
428 Service Area after the effective date of this Contract shall also comply with the measurement  
429 provisions described in subdivision (a) of this Article.

430 (d) The Contractor shall inform the Contracting Officer and the State of California  
431 in writing by April 30 of each Year of the monthly volume of surface water delivered within the  
432 Contractor's Service Area during the previous Year.

433 (e) The Contractor shall inform the Contracting Officer on or before the 20th  
434 calendar day of each month of the quantity of M&I Water taken during the preceding month.

435 RATES AND METHOD OF PAYMENT FOR WATER

436 7. (a) The Contractor shall pay the United States as provided in this Article for all  
437 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance  
438 with: (i) the Secretary's then-existing ratesetting policy for M&I Water, which ratesetting policies  
439 shall be amended, modified, or superseded only through a public notice and comment procedure; (ii)  
440 applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii) other  
441 applicable provisions of this Contract. Payments shall be made by cash transaction, electronic funds  
442 transfer, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting  
443 Officer. The Rates, Charges, and Tiered Pricing Component applicable to the Contractor upon  
444 execution of this Contract are set forth in Exhibit "B," as may be revised annually.

445 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and  
446 Tiered Pricing Component as follows:

447 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall  
448 provide the Contractor an estimate of the Charges for Project Water that will be applied to the period  
449 October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and  
450 the basis for such estimate. The Contractor shall be allowed not less than two months to review and  
451 comment on such estimates. On or before September 15 of each Calendar Year, the Contracting  
452 Officer shall notify the Contractor in writing of the Charges to be in effect during the period  
453 October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and  
454 such notification shall revise Exhibit "B."

455 (2) Prior to October 1 of each Calendar Year, the Contracting Officer shall  
456 make available to the Contractor an estimate of the Rates and Tiered Pricing Component for Project  
457 Water for the following Year and the computations and cost allocations upon which those Rates are  
458 based. The Contractor shall be allowed not less than two months to review and comment on such  
459 computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer  
460 shall provide the Contractor with the final Rates and Tiered Pricing Component to be in effect for the  
461 upcoming Year, and such notification shall revise Exhibit "B."

462 (c) At the time the Contractor submits the initial schedule for the delivery of  
463 Project Water and/or Contractor's Water Rights Water for each Year pursuant to subdivision (b) of  
464 Article 4 of this Contract, the Contractor shall make an advance payment to the United States equal to  
465 the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of this Article,  
466 for the Project Water and/or Contractor's Water Rights Water scheduled to be delivered pursuant to  
467 this Contract during the first two calendar months of the Year. Before the end of the first month and  
468 before the end of each calendar month thereafter, the Contractor shall make an advance payment to  
469 the United States, at the Rate(s) set under subdivision (a) of this Article, for the Water Scheduled to  
470 be delivered pursuant to this Contract during the second month immediately following. Adjustments  
471 between advance payments for Water Scheduled and payments at Rates due for Water Delivered shall  
472 be made before the end of the following month; Provided, That any revised schedule submitted by the

473 Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered  
474 pursuant to this Contract during any month shall be accompanied with appropriate advance payment,  
475 at the Rates then in effect, to assure that Project Water and/or Contractor's Water Rights Water is not  
476 delivered to the Contractor in advance of such payment. In any month in which the quantity of Water  
477 Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid  
478 for by the Contractor, no additional Project Water and/or Contractor's Water Rights Water shall be  
479 delivered to the Contractor unless and until an advance payment at the Rates then in effect for such  
480 additional Project Water and/or Contractor's Water Rights Water is made. Final adjustment between  
481 the advance payments for the Water Scheduled and payments for the quantities of Water Delivered  
482 during each Year pursuant to this Contract shall be made as soon as practicable but no later than  
483 April 30th of the following Year, or 60 days after the delivery of Project Water carried over under  
484 subdivision (f) of Article 3 of this Contract if such water is not delivered by the last day of February.

485 (d) The Contractor shall also make a payment in addition to the Rate(s) in  
486 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the  
487 appropriate Tiered Pricing Component then in effect, before the end of the month following the  
488 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered as  
489 shown in the water delivery report for the subject month prepared by the Contracting Officer. The  
490 water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered  
491 Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges  
492 shall be made through the adjustment of payments due to the United States for Charges for the next  
493 month. Any amount to be paid for past due payment of Charges and the Tiered Pricing Component  
494 shall be computed pursuant to Article 20 of this Contract.

495 (e) The Contractor shall pay for any Water Delivered under subdivision (a), (f), or  
496 (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable  
497 statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies;

498 Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this Contract shall  
499 be no more than the otherwise applicable Rate for M&I Water under subdivision (a) of this Article.

500 (f) Payments to be made by the Contractor to the United States under this Contract  
501 may be paid from any revenues available to the Contractor.

502 (g) All revenues received by the United States from the Contractor relating to the  
503 delivery of Project Water or the delivery of non-Project water through Project facilities shall be  
504 allocated and applied in accordance with Federal Reclamation law and the associated rules or  
505 regulations, and the then-current Project ratesetting policy for M&I Water.

506 (h) The Contracting Officer shall keep its accounts pertaining to the administration  
507 of the financial terms and conditions of its long-term contracts, in accordance with applicable Federal  
508 standards, so as to reflect the application of Project costs and revenues. The Contracting Officer  
509 shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all  
510 Project and Contractor expense allocations, the disposition of all Project and Contractor revenues,  
511 and a summary of all water delivery information. The Contracting Officer and the Contractor shall  
512 enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings,  
513 reports, or information.

514 (i) The parties acknowledge and agree that the efficient administration of this  
515 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,  
516 policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Components, and/or  
517 for making and allocating payments, other than those set forth in this Article may be in the mutual  
518 best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify  
519 the mechanisms, policies, and procedures for any of those purposes while this Contract is in effect  
520 without amending this Contract.

521 (j) (1) Beginning at such time as deliveries of Project Water in a Year exceed  
522 80 percent of the Contract Total, then before the end of the month following the month of delivery the  
523 Contractor shall make an additional payment to the United States equal to the applicable Tiered

524 Pricing Component. The Tiered Pricing Component for the amount of Water Delivered in excess of  
525 80 percent of the Contract Total, but less than or equal to 90 percent of the Contract Total, shall equal  
526 one-half of the difference between the Rate established under subdivision (a) of this Article and the  
527 M&I Full Cost Water Rate. The Tiered Pricing Component for the amount of Water Delivered which  
528 exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate established  
529 under subdivision (a) of this Article and (ii) the M&I Full Cost Water Rate.

530 (2) Omitted.

531 (3) For purposes of determining the applicability of the Tiered Pricing  
532 Component pursuant to this Article, Water Delivered shall include Project Water that the Contractor  
533 transfers to others but shall not include Project Water transferred to the Contractor, nor shall it  
534 include the additional water provided to the Contractor under the provisions of subdivision (f) of  
535 Article 3 of this Contract.

536 (k) For the term of this Contract, Rates under the respective ratesetting policies  
537 will be established to recover only reimbursable O&M (including any deficits) and capital costs of the  
538 Project, as those terms are used in the then-current Project ratesetting policies, and interest, where  
539 appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant  
540 Project ratesetting policy. Changes of significance in practices which implement the Contracting  
541 Officer's ratesetting policies will not be implemented until the Contracting Officer has provided the  
542 Contractor an opportunity to discuss the nature, need, and impact of the proposed change.

543 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,  
544 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted  
545 upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the  
546 delivery of the transferred Project Water to the transferee's point of delivery in accordance with the  
547 then-applicable Project ratesetting policy.

548 (m) Omitted.



549 (n) The Contractor shall be responsible for the payment for all incremental power  
550 required to pump Project Water and the Contractor's Water Rights Water to the Contractor's Water  
551 Treatment Plant in lieu of Hinkle Reservoir. Each month, the Contracting Officer will determine the  
552 quantity of said incremental power used during the preceding month and provide the number of  
553 kilowatt-hours so used to the supplier of the incremental power and the Contractor.

554 (o) With respect to the Rates for M&I water, the Contractor asserts that it is not  
555 legally obligated to pay any Project deficits claimed by the United States to have accrued as of the  
556 date of this Contract or deficit-related interest charges thereon. By entering into this Contract, the  
557 Contractor does not waive any legal rights or remedies that it may have with respect to such disputed  
558 issues. Notwithstanding the execution of this Contract, and payments made hereunder, the Contractor  
559 may challenge in the appropriate administrative or judicial forums: (1) the existence, computation, or  
560 imposition of any deficit charges accruing during the term of the Existing Contract and any preceding  
561 interim renewal contracts, if applicable; (2) interest accruing on any such deficits; (3) the inclusion of  
562 any such deficit charges or interest in the Rates; (4) the application by the United States of payments  
563 made by the Contractor under its Existing Contract and any preceding interim renewal contract, if  
564 applicable; and (5) the application of such payments in the Rates. The Contracting Officer agrees that  
565 the Contractor shall be entitled to the benefit of any administrative or judicial ruling in favor of any  
566 other Project M&I contractor on any of these issues, and credits for payments heretofore made,  
567 Provided, That the basis for such ruling is applicable to the Contractor.

568 (p) The Contractor and the Contracting Officer concur that, as of the effective date  
569 of this Contract, there is no O&M deficit under the P. L. 101-514 Project Contract.

570 8. Omitted.

571 SALES, TRANSFERS, OR EXCHANGES OF WATER

572 9. (a) The right to receive Project Water provided for in this Contract may be sold,  
573 transferred, or exchanged to others for reasonable and beneficial uses within the State of California if  
574 such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable

575 guidelines or regulations then in effect; Provided, That the portion of the Contract Total originally  
576 attributable to the P. L. 101-514 Project Contract (13,000 acre-feet) may only be sold, transferred, or  
577 exchanged to others for reasonable and beneficial uses within the Counties of Sacramento and  
578 El Dorado, State of California. No sale, transfer, or exchange of Project Water under this Contract  
579 may take place without the prior written approval of the Contracting Officer, except as provided for in  
580 subdivision (b) of this Article, and no such sales, transfers, or exchanges shall be approved absent all  
581 appropriate environmental documentation, including but not limited to documents prepared pursuant  
582 to NEPA and ESA. Such environmental documentation should include, as appropriate, an analysis of  
583 ground-water impacts and economic and social effects, including environmental justice, of the  
584 proposed water transfers on both the transferor and transferee.

585 (b) In order to facilitate efficient water management, among Project Contractors  
586 located within the same geographical area, by means of water transfers and to allow the Contractor to  
587 participate in an accelerated water transfer program during the term of this Contract, the Contracting  
588 Officer shall prepare, as appropriate, all necessary environmental documentation including, but not  
589 limited to documents prepared pursuant to NEPA and ESA analyzing annual transfers within such  
590 geographical areas and the Contracting Officer shall determine whether such transfers comply with  
591 applicable law. Following the completion of the environmental documentation, such transfers  
592 addressed in such documentation shall be conducted with advance notice to the Contracting Officer,  
593 but shall not require prior written approval by the Contracting Officer. Such environmental  
594 documentation and the Contracting Officer's compliance determination shall be reviewed every five  
595 years and updated, as necessary, prior to the expiration of the then-existing five-year period. All  
596 subsequent environmental documentation shall include an alternative to evaluate not less than the  
597 quantity of Project Water historically transferred within the same geographical area.

598 (c) For a water transfer to qualify under subdivision (b) of this Article, such water  
599 transfer must: (i) be for irrigation purposes for lands irrigated within the previous three years, or to be  
600 delivered to established cropland, wildlife refuges, ground-water basins, or M&I use; (ii) occur within

601 a single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through  
602 existing Project facilities with no new construction or modifications to Project facilities and be  
603 between existing Project Contractors and/or the Contractor and the United States, Department of the  
604 Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and requirements  
605 imposed for protection of the environment and Indian Trust Assets, as defined under Federal law.  
606 Such water transfers must not lead to land conversion.

607 (d) Solely for the purpose of determining whether Section 3405(a)(1)(M) of the  
608 CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting  
609 Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as  
610 those terms are utilized under California law, of water that constitutes the natural flow of the  
611 American River and its tributaries above the confluence of the American and Sacramento Rivers.

612 APPLICATION OF PAYMENTS AND ADJUSTMENTS

613 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,  
614 capital, interest, and deficit (if any) obligations for the Year shall be applied first to any current  
615 liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more  
616 than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such  
617 overpayment, at the option of the Contractor, may be credited against amounts to become due to the  
618 United States by the Contractor. With respect to overpayment, such refund or adjustment shall  
619 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use  
620 of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall  
621 be made within 30 days of the Contracting Officer obtaining direction as to how to credit or refund  
622 such overpayment in response to the notice to the Contractor that it has finalized the accounts for the  
623 Year in which the overpayment was made.

624 (b) All advances for miscellaneous costs incurred for work requested by the  
625 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when the  
626 work has been completed. If the advances exceed the actual costs incurred, the difference will be

627 refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will  
628 be billed for the additional costs pursuant to Article 25.

629 TEMPORARY REDUCTIONS--RETURN FLOWS

630 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the  
631 requirements of Federal law and (ii) the obligations of the United States under existing contracts, or  
632 renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make  
633 all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this  
634 Contract.

635 (b) The Contracting Officer may temporarily discontinue or reduce the quantity of  
636 Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection,  
637 maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for  
638 the delivery of Project Water and/or Contractor's Water Rights Water to the Contractor, but so far as  
639 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary  
640 discontinuance or reduction, except in case of emergency, in which case no notice need be given;  
641 Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in  
642 such service. Upon resumption of service after such reduction or discontinuance, and if requested by  
643 the Contractor, the United States will, if possible, deliver the quantity of Project Water and/or  
644 Contractor's Water Rights Water which would have been delivered hereunder in the absence of such  
645 discontinuance or reduction.

646 (c) The United States reserves the right to all seepage and return flow water  
647 derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the  
648 Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States  
649 any right to seepage or return flow being put to reasonable and beneficial use pursuant to this  
650 Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or  
651 under the Contractor.

652 CONSTRAINTS ON THE AVAILABILITY OF WATER

653 12. (a) In its operation of the Project, the Contracting Officer will use all reasonable  
654 means to guard against a Condition of Shortage in the quantity of water to be made available to the  
655 Contractor pursuant to this long-term renewal Contract. In the event the Contracting Officer  
656 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the  
657 Contractor of said determination as soon as practicable.

658 (b) If there is a Condition of Shortage because of errors in physical operations of  
659 the Project, drought, other physical causes beyond the control of the Contracting Officer or actions  
660 taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a)  
661 of Article 18 of this Contract, no liability shall accrue against the United States or any of its officers,  
662 agents, or employees for any damage, direct or indirect, arising therefrom.

663 (c) Omitted.

664 (d) Project Water furnished under this Contract will be allocated in accordance  
665 with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended, modified,  
666 or superseded only through a public notice and comment procedure.

667 13. Omitted.

668 RULES AND REGULATIONS

669 14. The parties agree that the delivery of M&I water or use of Federal facilities pursuant to  
670 this Contract is subject to Federal Reclamation law, as amended and supplemented, and the rules and  
671 regulations promulgated by the Secretary under Federal Reclamation law.

672 WATER AND AIR POLLUTION CONTROL

673 15. The Contractor, in carrying out this Contract, shall comply with all applicable water  
674 and air pollution laws and regulations of the United States and the State of California, and shall  
675 obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

676 QUALITY OF WATER

677 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this  
678 Contract shall be operated and maintained to enable the United States to deliver Project Water to the  
679 Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of  
680 August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat.  
681 3050), or other existing Federal laws. The United States is under no obligation to construct or furnish  
682 water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor  
683 pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the  
684 Contractor pursuant to this Contract.

685 (b) The O&M of Project facilities shall be performed in such manner as is practicable  
686 to maintain the quality of raw water made available through such facilities at the highest level  
687 reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible  
688 for compliance with all State and Federal water quality standards applicable to surface and subsurface  
689 agricultural drainage discharges, if any, generated through the use of Federal or Contractor facilities  
690 or Project Water provided by the Contractor within the Contractor's Service Area.

691 (c) The Contracting Officer and the Contractor shall communicate, coordinate, and  
692 cooperate with each other with respect to the O&M of the Project by the United States in accordance  
693 with Articles 11 and 19 of this Contract.

694 WATER ACQUIRED BY THE CONTRACTOR  
695 OTHER THAN FROM THE UNITED STATES

696 17. (a) Omitted.

697 (b) Water or water rights now owned or hereafter acquired by the Contractor, other  
698 than from the United States may be stored, conveyed, and/or diverted through Project facilities,  
699 subject to the completion of appropriate environmental documentation, with the approval of the  
700 Contracting Officer and the execution of any contract determined by the Contracting Officer to be  
701 necessary, consistent with the following provisions:

702 (1) The Contractor may introduce non-Project water into Project facilities  
703 and deliver said water to lands within the Contractor's Service Area, subject to payment to the United  
704 States of an appropriate rate as determined by the applicable Project ratesetting policy and the Project  
705 use power policy, if such Project use power policy is applicable, each as amended, modified, or  
706 superseded from time to time. In addition, if electrical power is required to pump non-Project water  
707 through the facilities, the Contractor shall be responsible for obtaining the necessary power and  
708 paying the necessary charges therefor.

709 (2) Delivery of such non-Project water in and through Project facilities  
710 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as  
711 determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other  
712 Project contractors; (iii) interfere with the delivery of contractual water entitlements to any other  
713 Project contractors; or (iv) interfere with the physical maintenance of the Project facilities; Provided,  
714 That nothing in this Article is intended to preclude the United States from passing the Contractor's  
715 Water Rights Water through Project storage facilities to the extent required to satisfy the Contractor's  
716 water rights that are senior to those of the Project under the applicable provisions of California water  
717 law. Provided further, That the United States has determined that the delivery of non-Project water in  
718 and through Project facilities pursuant to Warren Act Contract No. 6-07-20-W1315 between the  
719 United States and the Contractor, as it now exists and as it may be amended, extended, or renewed in  
720 the future, satisfies the requirements of this Article.

721 (3) The United States shall not be responsible for control, care, or  
722 distribution of the non-Project water before it is introduced into or after it is delivered from the  
723 Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United  
724 States and their respective officers, agents, and employees, from any claim for damage to persons or  
725 property, direct or indirect, resulting from the acts of the Contractor, its officers', employees, agents,  
726 or assigns, act in (i) extracting or diverting non-Project water from any source, or (ii) diverting such  
727 non-Project water into Project facilities.

728 (4) Diversion of such non-Project water into Project facilities shall be  
729 consistent with all applicable laws, and if involving groundwater, consistent with any applicable  
730 ground-water management plan applicable to the Contractor for the area from which it was extracted.

731 (5) After Project purposes are met, as determined by the Contracting  
732 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of  
733 the facilities declared to be available by the Contracting Officer for conveyance and transportation of  
734 non-Project water prior to any such remaining capacity being made available to non-Project  
735 Contractors.

736 OPINIONS AND DETERMINATIONS

737 18. (a) Where the terms of this Contract provide for actions to be based upon the  
738 opinion or determination of either party to this Contract, said terms shall not be construed as  
739 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or  
740 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve  
741 the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or  
742 unreasonable opinion or determination. Each opinion or determination by either party shall be  
743 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to  
744 or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or  
745 determination implementing a specific provision of Federal law embodied in statute or regulation.

746 (b) The Contracting Officer shall have the right to make determinations necessary  
747 to administer this Contract that are consistent with the provisions of this Contract, the laws of the  
748 United States and of the State of California, and the rules and regulations promulgated by the  
749 Secretary. Such determinations shall be made in consultation with the Contractor to the extent  
750 reasonably practicable.

751 COORDINATION AND COOPERATION

752 19. (a) In order to further their mutual goals and objectives, the Contracting Officer  
753 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other



754 affected Project Contractors, in order to improve the O&M of the Project. The communication,  
755 coordination, and cooperation regarding operations and management shall include, but not be limited  
756 to, any action which will or may materially affect the quantity or quality of Project Water supply, the  
757 allocation of Project Water supply, and Project financial matters including, but not limited to, budget  
758 issues. The communication, coordination, and cooperation provided for hereunder shall extend to all  
759 provisions of this Contract. Each party shall retain exclusive decision making authority for all  
760 actions, opinions, and determinations to be made by the respective party.

761 (b) Within 120 days following the effective date of this Contract, the Contractor,  
762 other affected Project Contractors, and the Contracting Officer shall arrange to meet with interested  
763 Project Contractors to develop a mutually agreeable, written Project-wide process, which may be  
764 amended as necessary separate and apart from this Contract. The goal of this process shall be to  
765 provide, to the extent practicable, the means of mutual communication and interaction regarding  
766 significant decisions concerning Project O&M on a real-time basis.

767 (c) In light of the factors referred to in subdivision (b) of Article 3 of this Contract,  
768 it is the intent of the Secretary to improve water supply reliability. To carry out this intent:

769 (1) The Contracting Officer will, at the request of the Contractor, assist in  
770 the development of integrated resource management plans for the Contractor. Further, the  
771 Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to  
772 improve water supply, water quality, and reliability.

773 (2) The Secretary will, as appropriate, pursue program and project  
774 implementation and authorization in coordination with Project Contractors to improve the water  
775 supply, water quality, and reliability of the Project for all Project purposes.

776 (3) The Secretary will coordinate with Project Contractors and the State of  
777 California to seek improved water resource management.

778 (4) The Secretary will coordinate actions of agencies within the  
779 Department of the Interior that may impact the availability of water for Project purposes.

780 (5) The Contracting Officer shall periodically, but not less than annually,  
781 hold division level meetings to discuss Project operations, division level water management activities,  
782 and other issues as appropriate.

783 (d) Without limiting the contractual obligations of the Contracting Officer under  
784 the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the  
785 Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other  
786 interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, or  
787 the physical integrity of structures or facilities.

788 CHARGES FOR DELINQUENT PAYMENTS

789 20. (a) The Contractor shall be subject to interest, administrative, and penalty charges  
790 on delinquent installments or payments. When a payment is not received by the due date, the  
791 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.  
792 When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to  
793 cover additional costs of billing and processing the delinquent payment. When a payment is  
794 delinquent 90 days or more, the Contractor shall pay an additional penalty charge of six percent per  
795 year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay  
796 any fees incurred for debt collection services associated with a delinquent payment.

797 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in  
798 the Federal Register by the Department of the Treasury for application to overdue payments, or the  
799 interest rate of one-half of one percent per month prescribed by Section 6 of the Reclamation Project  
800 Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and  
801 remain fixed for the duration of the delinquent period.

802 (c) When a partial payment on a delinquent account is received, the amount  
803 received shall be applied, first to the penalty, second to the administrative charges, third to the  
804 accrued interest, and finally to the overdue payment.

805 EQUAL OPPORTUNITY

806 21. During the performance of this Contract, the Contractor agrees as follows:

807 (a) The Contractor will not discriminate against any employee or applicant for  
808 employment because of race, color, religion, sex, or national origin. The Contractor will take  
809 affirmative action to ensure that applicants are employed, and that employees are treated during  
810 employment, without regard to their race, color, religion, sex, or national origin. Such action shall  
811 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;

812 recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of  
813 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in  
814 conspicuous places, available to employees and applicants for employment, notices to be provided by  
815 the Contracting Officer setting forth the provisions of this nondiscrimination clause.

816 (b) The Contractor will, in all solicitations or advertisements for employees placed  
817 by or on behalf of the Contractor, state that all qualified applicants will receive consideration for  
818 employment without discrimination because of race, color, religion, sex, or national origin.

819 (c) The Contractor will send to each labor union or representative of workers with  
820 which it has a collective bargaining agreement or other contract or understanding, a notice, to be  
821 provided by the Contracting Officer, advising the said labor union or workers' representative of the  
822 Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and  
823 shall post copies of the notice in conspicuous places available to employees and applicants for  
824 employment.

825 (d) The Contractor will comply with all provisions of Executive Order No. 11246  
826 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary  
827 of Labor.

828 (e) The Contractor will furnish all information and reports required by said  
829 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or  
830 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer  
831 and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,  
832 regulations, and orders.

833 (f) In the event of the Contractor's noncompliance with the nondiscrimination  
834 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be  
835 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible  
836 for further Government contracts in accordance with procedures authorized in said amended  
837 Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said  
838 Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided  
839 by law.

840 (g) The Contractor will include the provisions of paragraphs (a) through (g) in  
841 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the  
842 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such  
843 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action  
844 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a  
845 means of enforcing such provisions, including sanctions for noncompliance: Provided, however,  
846 That in the event the Contractor becomes involved in, or is threatened with, litigation with a  
847 subcontractor or vendor as a result of such direction, the Contractor may request the United States to  
848 enter into such litigation to protect the interests of the United States.

849                   GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

850           22.   (a)    The obligation of the Contractor to pay the United States as provided in this  
851 Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation  
852 may be distributed among the Contractor's water users and notwithstanding the default of individual  
853 water users in their obligations to the Contractor.

854                   (b)    The payment of charges becoming due hereunder is a condition precedent to  
855 receiving benefits under this Contract. The United States shall not make water available to the  
856 Contractor through Project facilities during any period in which the Contractor may be in arrears in  
857 the advance payment of water rates due the United States. The Contractor shall not furnish water  
858 made available pursuant to this Contract for lands or parties which are in arrears in the advance  
859 payment of water rates levied or established by the Contractor.

860                   (c)    With respect to subdivision (b) of this Article, the Contractor shall have no  
861 obligation to require advance payment for water rates which it levies.

862                   COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

863           23.   (a)    The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
864 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age  
865 Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as  
866 well as with their respective implementing regulations and guidelines imposed by the U.S.  
867 Department of the Interior and/or Bureau of Reclamation.

868                   (b)    These statutes require that no person in the United States shall, on the grounds  
869 of race, color, national origin, handicap, or age, be excluded from participation in, be denied the  
870 benefits of, or be otherwise subjected to discrimination under any program or activity receiving  
871 financial assistance from the Bureau of Reclamation. By executing this Contract, the Contractor  
872 agrees to immediately take any measures necessary to implement this obligation, including permitting  
873 officials of the United States to inspect premises, programs, and documents.

874                   (c)    The Contractor makes this agreement in consideration of and for the purpose of  
875 obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial  
876 assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including  
877 installment payments after such date on account of arrangements for Federal financial assistance  
878 which were approved before such date. The Contractor recognizes and agrees that such Federal  
879 assistance will be extended in reliance on the representations and agreements made in this Article,  
880 and that the United States reserves the right to seek judicial enforcement thereof.

881           24.   Omitted.

882

883

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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25. In addition to all other payments to be made by the Contractor pursuant to this

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Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and

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detailed statement submitted by the Contracting Officer to the Contractor for such specific items of

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direct cost incurred by the United States for work requested by the Contractor associated with this

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Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and

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procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in

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writing in advance by the Contractor. This Article shall not apply to costs for routine contract

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administration.

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WATER CONSERVATION

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26. (a) Prior to the delivery of water provided from or conveyed through Federally-

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constructed or Federally-financed facilities pursuant to this Contract, the Contractor shall be

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implementing an effective water conservation and efficiency program based on the Contractor's water

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conservation plan that has been determined by the Contracting Officer to meet the conservation and

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efficiency criteria for evaluating water conservation plans established under Federal law. The water

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conservation and efficiency program shall contain definite water conservation objectives, appropriate

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economically feasible water conservation measures, and time schedules for meeting those objectives.

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Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's

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continued implementation of such water conservation program. In the event the Contractor's water

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conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of

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Article 26 of this Contract have not yet been determined by the Contracting Officer to meet such

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criteria, due to circumstances which the Contracting Officer determines are beyond the control of the

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Contractor, water deliveries shall be made under this Contract so long as the Contractor diligently

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works with the Contracting Officer to obtain such determination at the earliest practicable date, and

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thereafter the Contractor immediately begins implementing its water conservation and efficiency

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program in accordance with the time schedules therein.

909 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of  
910 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement the  
911 Best Management Practices identified by the time frames issued by the California Urban Water  
912 Conservation Council for such M&I Water unless any such practice is determined by the Contracting  
913 Officer to be inappropriate for the Contractor.

914 (c) The Contractor shall submit to the Contracting Officer a report on the status of  
915 its implementation of the water conservation plan on the reporting dates specified in the then existing  
916 conservation and efficiency criteria established under Federal law.

917 (d) At five-year intervals, the Contractor shall revise its water conservation plan to  
918 reflect the then-current conservation and efficiency criteria for evaluating water conservation plans  
919 established under Federal law and submit such revised water management plan to the Contracting  
920 Officer for review and evaluation. The Contracting Officer will then determine if the water  
921 conservation plan meets Bureau of Reclamation's then-current conservation and efficiency criteria for  
922 evaluating water conservation plans established under Federal law.

923 (e) If the Contractor is engaged in indirect ground-water recharge, such activity  
924 shall be described in the Contractor's water conservation plan.

925 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

926 27. Except as specifically provided in Article 17 of this Contract, the provisions of this  
927 Contract shall not be applicable to or affect non-Project water or water rights now owned or hereafter  
928 acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such  
929 water shall not be considered Project Water under this Contract. In addition, this Contract shall not  
930 be construed as limiting or curtailing any rights which the Contractor or any water user within the  
931 Contractor's Service Area acquires or has available under any other contract pursuant to Federal  
932 Reclamation law.

933 28. Omitted.

934

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

935           29.    The expenditure or advance of any money or the performance of any obligation of the  
936 United States under this Contract shall be contingent upon appropriation or allotment of funds.  
937 Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations  
938 under this Contract. No liability shall accrue to the United States in case funds are not appropriated  
939 or allotted.

940

BOOKS, RECORDS, AND REPORTS

941           30.    (a)    The Contractor shall establish and maintain accounts and other books and  
942 records pertaining to administration of the terms and conditions of this Contract, including: the  
943 Contractor's financial transactions, water supply data, and Project land and right-of-way agreements;  
944 water use data; and other matters that the Contracting Officer may require. Reports thereon shall be  
945 furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer  
946 may require. Subject to applicable Federal laws and regulations, each party to this Contract shall  
947 have the right during office hours to examine and make copies of the other party's books and records  
948 relating to matters covered by this Contract.

949                   (b)    Notwithstanding the provisions of subdivision (a) of this Article; no books,  
950 records, or other information shall be requested from the Contractor by the Contracting Officer unless  
951 such books, records, or information are reasonably related to the administration or performance of  
952 this Contract. Any such request shall allow the Contractor a reasonable period of time within which  
953 to provide the requested books, records, or information.

954                   (c)    Omitted.

955                   ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

956           31.    (a)    The provisions of this Contract shall apply to and bind the successors and  
957 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest  
958 therein shall be valid until approved in writing by the Contracting Officer.

959                   (b)    The assignment of any right or interest in this Contract by either party shall not  
960 interfere with the rights or obligations of the other party to this Contract absent the written  
961 concurrence of said other party.

962                   (c)    The Contracting Officer shall not unreasonably condition or withhold approval  
963 of any proposed assignment.

964 SEVERABILITY

965 32. In the event that a person or entity who is neither (i) a party to a Project contract, nor  
966 (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an  
967 association or other form of organization whose primary function is to represent parties to Project  
968 contracts, brings an action in a court of competent jurisdiction challenging the legality or  
969 enforceability of a provision included in this Contract and said person, entity, association, or  
970 organization obtains a final court decision holding that such provision is legally invalid or  
971 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the  
972 parties to this Contract shall use their best efforts to (i) within 30 days of the date of such final court  
973 decision identify by mutual agreement the provisions in this Contract which must be revised and (ii)  
974 within three months thereafter promptly agree on the appropriate revision(s). The time periods  
975 specified above may be extended by mutual agreement of the parties. Pending the completion of the  
976 actions designated above, to the extent it can do so without violating any applicable provisions of  
977 law, the United States shall continue to make the quantities of Project Water and/or Contractor's  
978 Water Rights Water specified in this Contract available to the Contractor pursuant to the provisions  
979 of this Contract which were not found to be legally invalid or unenforceable in the final court  
980 decision.

981 RESOLUTION OF DISPUTES

982 33. Should any dispute arise concerning any provisions of this Contract, or the parties'  
983 rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the  
984 dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring  
985 any matter to Department of Justice, the party shall provide to the other party 30 days' written notice  
986 of the intent to take such action; Provided, That such notice shall not be required where a delay in  
987 commencing an action would prejudice the interests of the party that intends to file suit. During the  
988 30-day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt



989 to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge  
990 any right or remedy that the Contractor or the United States may have.

991 OFFICIALS NOT TO BENEFIT

992 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
993 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
994 manner as other water users or landowners.

995 CHANGES IN CONTRACTOR'S SERVICE AREA

996 35. (a) While this Contract is in effect, no change may be made in the Contractor's  
997 Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger, or otherwise,  
998 except upon the Contracting Officer's written consent.

999 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1000 Officer will notify the Contractor of any additional information required by the Contracting Officer  
1001 for processing said request, and both parties will meet to establish a mutually agreeable schedule for  
1002 timely completion of the process. Such process will analyze whether the proposed change is likely to:  
1003 (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the  
1004 Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-  
1005 constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project  
1006 Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with  
1007 the NEPA and ESA. The Contractor will be responsible for all costs incurred by the Contracting  
1008 Officer in this process, and such costs will be paid in accordance with Article 25 of this Contract.

1009 FEDERAL LAWS

1010 36. By entering into this Contract, the Contractor does not waive its rights to contest the  
1011 validity or application in connection with the performance of the terms and conditions of this  
1012 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with the  
1013 terms and conditions of this Contract unless and until relief from application of such Federal law or

1014 regulation to the implementing provision of the Contract is granted by a court of competent  
1015 jurisdiction.

1016 NOTICES

1017 37. Any notice, demand, or request authorized or required by this Contract shall be  
1018 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered  
1019 to the Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom, California 95630-  
1020 1799, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of  
1021 Directors of the San Juan Water District, 9935 Auburn Folsom Road, Granite Bay, California 95746.  
1022 The designation of the addressee or the address may be changed by notice given in the same manner  
1023 as provided in this Article for other notices.

1024 CONFIRMATION OF CONTRACT

1025 38. The Contractor, after the execution of this Contract, shall furnish to the Contracting  
1026 Officer evidence that pursuant to the laws of the State of California, the Contractor is a legally  
1027 constituted entity, and the Contract is lawful, valid, and binding on the Contractor. This Contract  
1028 shall not be binding on the United States until such evidence has been provided to the Contracting  
1029 Officer's satisfaction.

1030 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day  
1031 and year first above written.

1032 THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY  
*James E. Turner*  
OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

By: *John F. Davis*  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

1033  
1034  
1035

1036 (SEAL)

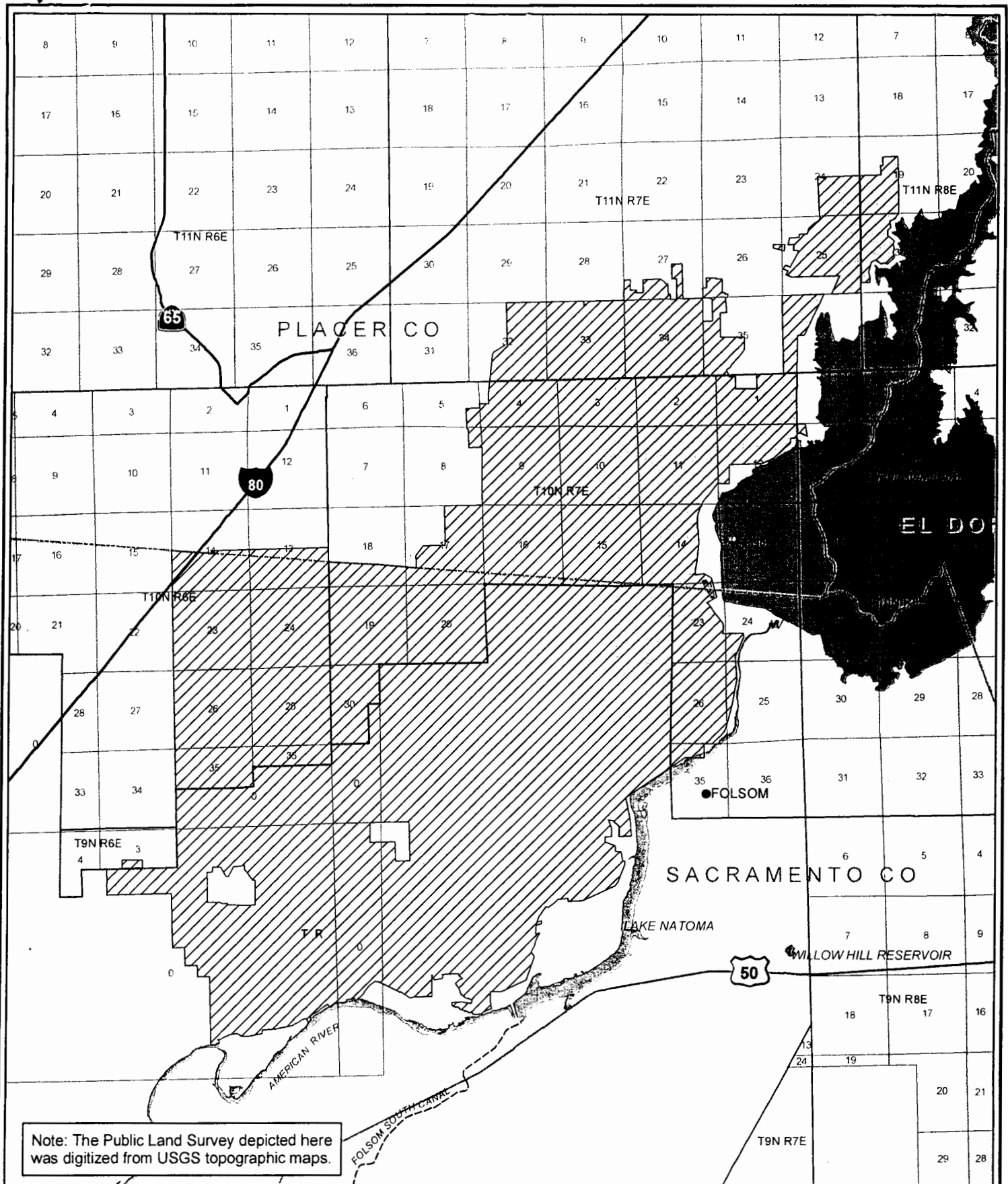
1037 SAN JUAN WATER DISTRICT



By: *Edmund "Yod" Caste*  
President of the Board of Directors

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1040 Attest:

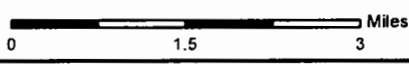
1041 By: *Aue Makimoto*  
1042 Secretary of the Board of Directors



-  Contractor's Service Area
-  District Boundary

**San Juan Water District**  
 Contract No. 6-07-20-W1373-LTR1  
 Exhibit A

Date: October 13, 2004  
 File Name: N:\distriacts\contracts\san\_juan\san\_juan.mxd



647-208-222

EXHIBIT B  
SAN JUAN WATER DISTRICT – FOLSOM LAKE

Note: These are 2004 rates and charges. 2005 water rates will be furnished when available.

	<u>2004 Water Rates Per</u> <u>Acre-Foot</u>
COST-OF-SERVICE RATES:	<u>M&amp;I Water</u>
Capital Rates:	\$6.01
O&M Rates:	
Water Marketing	\$5.01
Storage	\$6.38
Conveyance	\$0.00
Direct Pumping	\$0.00
Deficit Rates:	
Non-Interest Bearing	\$0.00
Interest Bearing	\$0.00
CFO/PFR Adj. Rate: *	\$5.24
CONTRACT RATE:	\$22.64
Tiered Pricing Component >80% <=90% of Contract Total (Full Cost Rate – COS Rate)/2)	\$1.87
Tiered Pricing Component >90% of Contract Total (Full Cost Rate – COS Rate)	\$3.74
SURCHARGES UNDER P.L. 102-575 TO RESTORATION FUND**	
M&I Surcharge	\$32.58
Restoration Payments [3407(d)(2)(A)]	\$15.64

\* Rate represents the Chief Financial Officer adjustment and Provision for Replacement credit for option 2 cost deferment to be distributed over a 5-year period beginning with 2003 water rates.

\*\* The surcharges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund surcharges under P.L. 102-575 are on a fiscal year basis (10/1-9/30).